

Message Text

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17

ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 FAA-00 L-03 TRSE-00 OMB-01

SS-15 NSC-05 SP-02 H-02 SSO-00 NSCE-00 INRE-00 /055 W

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O 240700Z JUL 75

FM AMEMBASSY KABUL

TO SECSTATE WASHDC IMMEDIATE 3537

C O N F I D E N T I A L KABUL 4786

FOR NEA/PAB - CONSTABLE/SCHIFFERDECKER FROM CURRAN

EO 11652: GDS

TAGS: EAIR, EINV, AF

SUBJECT: PANAM/ARIANA RELATIONS

REF: STATE 172661

1. VERY GRATEFUL YOUR EFFORTS TO KEEP US INFORMED.

2. SEEMS TO US REFTTEL RAISES ISSUES WHICH TRANSCEND SCOPE OF PRESENT COMPTROLLER DISPUTE. WE BELIEVE IT WOULD BE DESIRABLE KEEP COMPTROLLER DISPUTE SEPARATE FROM ANY DISCUSSION OF REDUCTION IN PANAM INVESTMENT SINCE LINKAGE MIGHT SMACK (TO AFGHANS RPT AFGHANS) OF OVER-REACTION TO WHAT STILL SEEMS TO BE A BOOKKEEPING PROBLEM WITH SOME PERSONAL JURISDICTIONAL OVERTONES. ALSO, ARIANA EXECUTIVE VICE PRESIDENT ZWENNETT BELIEVES IT WOULD BE A MISTAKE AT THIS POINT TO

INDICATE ANY GIVE IN PANAM RIGHT TO NAME COMPTROLLER.

3. FROM EMBASSY PERSPECTIVE, THERE WOULD BE NO INSUPERABLE DIFFICULTIES WITH SOME REDUCTION IN PANAM INVESTMENT AS LONG AS SUCH REDUCTION PERMITTED MAINTENANCE OF PANAM SUPPORT FOR ARIANA QUALITY CONTROL WHICH VERY IMPORTANT TO SUPPORT OF U.S. MISSION IN AFGHANISTAN.

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4. ALSO PRESENCE OF PANAM EXECUTIVE VICE PRESIDENT (MOST RECENTLY, THE EFFECTIVE AND PERSONABLE CHARLES BENNETT) HAS BEEN OF GREAT VALUE TO THE WORK OF THE AMBASSADOR AND U.S. OBJECTIVES HERE.

5. IF PANAM BUSINESS NEEDS CAN BE MET WITHOUT RAISING REDUCTION OR LIQUIDATION ISSUE RIGHT AWAY, WE BELIEVE IT WOULD BE USEFUL TO SETTLE THE COMPTROLLER ISSUE FIRST THROUGH A VISIT OF AUDITORS AND THE PLANNED EARLY AUGUST BOARD MEETING. EMBASSY OFFICERS COULD ALSO REVIEW POSSIBLE REDUCTION/LIQUIDATION SCENARIO WITH TRIPPE AT THAT TIME WITHOUT BRINGING AFGHANS INTO PICTURE.

6. THEN, IF IN FACT GOA IS INVOLVED IN SCHEME TO CROWD PANAM OUT, WE WILL DISCOVER THIS AT JOINT BOARD MEETING AND WE CAN DISCUSS APPROPRIATE STEPS. IF NOT, AND STABLE WORKING RELATIONSHIP ESTABLISHED, THEN WE CAN BEGIN TALKS WITH GOA AND AFGHAN AIR AUTHORITY TO MEET PANAM LIQUIDITY NEEDS WHILE PRESERVING MAXIMUM POSSIBLE ROLE AND SUPPORT FOR ARIANA BY PANAM. NOTE THAT BASIC 1957 AGREEMENT STIPULATES (PARAS 5 AND 6) THAT IF PANAM SHARES FALL BELOW 33 AND 1/3 PERCENT, PABAM WILL LOSE RIGHT TO NOMINATE EXECUTIVE VICE PRESIDENT AND COMPTROLLER. PANAM'S MEMBERSHIP ON BOARD WOULD ALSO BE REDUCED, PROBABLY FROM PRESENT THREE TO ONE. OUR IMPRESSION IS THAT IF PANAM LOSES RIGHT TO NOMINATE EXEC VP AND COMPTROLLER, INFLUENCE OF PANAM WOULD RAPIDLY ERODE, COULD MATERIALLY AFFECT ARIANA'S OVERALL PERFORMANCE AND THEREBY ADVERSELY IMPACT ON PANAM'S INVESTMENT.

7. EMBASSY NOTES THAT CURRENT ARIANA CONSIDERATION OF PURCHASE OF U.S. WIDE-BODIED OR OTHER AIRCRAFT HINGES ON ARIANA LIQUIDITY AND DEBT POSITION. PRESSURE TO BUY PANAM OUT AT THIS JUNCTURE LIKELY TO KILL CHANCES OF AIRCRAFT PURCHASE.

8. SUBSTANCE OF ABOVE REVIEWED WITH BENNETT.

9. AS OF MORNING JULY 24 (KABUL TIME) THERE IS A NEW DEVELOPMENT IN COMPTROLLER DISPUTE WHICH MAKES US BELIEVE IT PARTICULARLY IMPORTANT KEEP ANY DISCUSSION OF PANAM REDUCTION SEPARATE FROM THE DISPUTE WHICH SEEMS TO BE CENTERING ON THE CONFIDENTIAL

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ISSUE OF WHO SIGNS THE CHECKS FOR ARIANA. BENNETT (WHO WILL BE SENDING HIS VIEWS BY SEPTTEL) BELIEVES PRESIDENT NAJIB TRYING TO GET HIS HANDS ON ALL ASSETS AND THAT TRIPPE MUST STAND FIRMLY ON POSITION IN PANAM'S 221100.

10. ACTION REQUESTED: THAT NEA/PAB DISCUSS SUBSTANCE THIS MESSAGE AND BENNETT CABLE WITH TRIPPE AND ADVISE ON ANY STEPS YOU WOULD LIKE EMBASSY TO TAKE PRIOR TO PANAM/ARIANA

BOARD MEETING.

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